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SUBJECT: VIETNAM "OPEN FOR BUSINESS": GOVERNMENT AND BUSINESSES
ENTHUSIASTICALLY WELCOME SECRETARY GUTIERREZ AND HIS BUSINESS
DEVELOPMENT TRADE MISSION
Ref: HCMC 1131

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1. (SBU) Summary: Secretary of Commerce Carlos Gutierrez led a large-scale Department of Commerce Vietnam Business Development Mission to Hanoi on November 5 and 6. This first Cabinet level business development mission to Vietnam carried the theme of U.S. business support for Vietnam's economic development, particularly in key infrastructure sectors such as energy, mining and minerals, transportation and telecommunications. The highest levels of government and business enthusiastically received the Secretary and the accompanying business delegation of 22 U.S. companies. The Secretary advocated for key commercial transactions with the Prime

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Minister, the President and Ministers of Planning and Investment and Information and Communications, while also raising key market access issues including trading and distribution rights and intellectual property rights protection. Companies made important new contacts with potential business partners and with key government decision makers throughout relevant ministries. Both new-to-market delegation companies and companies with experience in Vietnam on the delegation expressed their optimism with regard to the opportunities opening up in the country, but also urged the USG to continue its advocacy and market access lobbying efforts. End Summary.

Red Carpet Welcome

2. (SBU) Receiving the Secretary and his entire delegation in the Cabinet Meeting Room at the White House, Prime Minister Nguyen Tan Dung set a welcoming tone of openness and cooperation for the first ever U.S. cabinet-level-led trade mission to Vietnam by personally greeting representatives of each of the 22 companies and noting the significant improvement in the U.S.-Vietnamese trading relationship since implementation of the U.S.-Vietnam Bilateral Trade Agreement (BTA). The Secretary used the occasion to brief the Prime Minister on each company, noting their ambitions to find new trading partners and expand their presence in Vietnam, and asked for the Prime Minister's assistance in resolving as soon as possible outstanding issues several of the companies were experiencing in finalizing commercial contracts. Dung reassured the Secretary and the delegation that it is the consistent policy of the Vietnamese Government to promote the commercial relationship between our two countries, and that in addition to being Vietnam's largest trading partner, he hoped that the United States would also soon become the largest investor in Vietnam. In a separate bilateral meeting with the Prime Minister, the Secretary advocated for closure of key U.S.

commercial deals, including the purchase of twelve 787 Boeing Dreamliners by Vietnam Airlines, completion of power plant deals by AES Corporation and Gannon, and an equity investment by GE Money in Vietcombank. The Secretary further encouraged continued progress on key BTA/WTO implementation issues, including trading and distribution rights for foreign firms and intellectual property rights protection.

13. (SBU) President Nguyen Minh Triet echoed PM Dung's welcoming tone later in the morning by telling the Secretary and the business delegation that Vietnam was "open for business" in the halls of the Presidential Palace. The President noted that he was deeply impressed by his official trip to Washington earlier in the year, particularly by the keen interest expressed by U.S. companies planning to do business with Vietnam. He thanked the Secretary for the Department of Commerce's announcement on October 26 that the Department's analysis of the first six months of textile import data did not warrant self-initiation of an antidumping duty investigation, and expressed his trust that this was a harbinger for continued commercial cooperation. Secretary Gutierrez congratulated the President on Vietnam's unprecedented economic progress and expressed his confidence that the companies in his trade delegation are well equipped to assist the country in its upward path to prosperity. Companies laid out specific plans to build key infrastructure sectors such as minerals and mining, telecommunications and information and communications technologies (ICT), energy and transportation; and to increase U.S. exports to Vietnam in sectors ranging from enterprise software to environmental products. President Triet wished the delegation success in finding businesses partners in Vietnam, and noted the importance of trade with the United States in assisting Vietnam to attain and maintain middle-income country status by 2010.

Heavy Lifting at the Ministries

14. (SBU) In a closed-door session, AmCham Hanoi's Board of Governors (BOG) advised Secretary Gutierrez of the key issues impeding American companies currently doing business in Vietnam.

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Chief among these are implementation by the Vietnamese Government of key WTO commitments. Specifically, BOG members charged that the Ministry of Industry and Trade's recently issued Circular 9 on trading rights is inconsistent with article 147 of the Working Party Report of Vietnam's WTO accession, and that the Ministry is also applying "retail" restrictions to industrial buyers, not just consumers. BOG members further noted that key infrastructure sales (mostly to State-Owned Enterprises), such as Boeing's pending sale to Vietnam Airlines, are a political, not a "free-market," process and continue to require strong advocacy by the USG. Select BOG members echoed these sentiments to the business delegates during a business panel luncheon, advising new U.S. companies that it is critical to maintain a presence in country in order to be successful, and to be prepared to advocate to the Government of Vietnam for favorable policy change toward fulfillment of WTO obligations when setting up shop in Vietnam.

15. (SBU) In meetings with Minister of Planning and Investment Vo Hong Phuc, Minister of Information and Communications Le Doan Hop, Deputy Prime Minister and Foreign Minister Pham Gia Khiem and later with Minister of Industry and Trade Vu Huy Hoang in Ho Chi Minh City (reftel), the Secretary privately raised these specific market access issues and concerns about individual commercial deals. During the portion of the meetings attended by all company representatives, delegation companies expressed their interest to the Ministers for individual projects and asked specific regulatory questions relevant to their business sectors. The ministers addressed each inquiry, answering questions directly or providing guidance to the individual companies on how to proceed in finding suitable answers. The ministers offered their on-going support to the companies in completing individual business transactions, and Minister Hop pointed to the recent commencement of the Vietnam-U.S. ICT Dialogue as a positive forum to address ICT related issues or concerns. Minister Phuc noted strong commercial cooperation between our countries on recent U.S. commercial deals such as Vietnam's

purchase of the Vinasat Satellite from Lockheed Martin and Intel's ongoing project to build a chip testing and packaging facility in southern Vietnam. He articulated his trust that many more transactions will soon follow, and expressed his Government's keen interest in soon finalizing a bilateral investment treaty with the United States.

Commercial Cooperation: The Engine of Growth

¶6. (SBU) Secretary Gutierrez topped off the Hanoi leg of the Business Development Mission by addressing a capacity crowd at the "Vietnam -U.S. Relations: A New Dynamic Development Phase" conference hosted by the Ministry of Foreign Affairs, the Vietnam Chamber of Commerce and Industry and the USA - Vietnam Friendship Society. He pointed to United States - Vietnam economic cooperation as "the engine of growth" for the bilateral relationship, resulting in measurable economic benefits to both of our societies, and called for continued progress in good governance and transparency in the Vietnamese commercial environment. Vietnamese counterparts should expect American companies to be good neighbors, he further stated, as exemplified by the local corporate citizenship efforts of Ford, Cargill, Conoco Phillips and many other U.S. companies currently doing business in Vietnam.

¶7. (SBU) Celebrating the U.S. corporate citizenship theme at a festive motorbike helmet donation ceremony at the Dich Vong A primary school in Hanoi, the Secretary applauded the efforts of the U.S.-founded Asia Injury Prevention Foundation in utilizing the latest U.S. technology to produce high quality, affordable helmets at its non-profit Protec helmet factory in Hanoi. Accompanied by the entire business delegation, the Secretary's participation in the ceremony underscored the message that corporate social responsibility is key to development, because it recognizes the needs of society as a whole.

Media Coverage: Extensive and Positive

¶8. (U) Secretary of Commerce Gutierrez's visit to Hanoi received intense media attention and garnered extensive and positive coverage. All major newspapers, national and local television, online news outlets and national radio, as well as several major international media outlets, carried frequent in-depth reports in advance of and throughout his two-day visit.

¶9. (U) Press coverage began with an Op-Ed from Secretary Gutierrez,

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which ran in its entirety in the popular daily Tuoi Tre just days before his arrival. Media then enthusiastically followed the Secretary and business delegation through their official meetings

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with the Vietnamese President and Prime Minister, as well as at other Ministerial-level calls. At a press conference on November 5, the Secretary fielded questions from Vietnamese and international journalists on a wide range of business and trade issues, reiterating his message that this Trade Mission reflected the growing interest of American business in the Vietnamese market, and the strengthening bilateral relationship between our two countries.

¶10. (U) The Secretary's major policy speech on November 6 at the "Vietnam -U.S. Relations: A New Dynamic Development Phase" conference, in which the Ministers of Foreign Affairs and Planning and Investment also participated, was covered widely in both Vietnamese and international outlets as well, with several dailies carrying the full text of his remarks. Secretary Gutierrez' final Hanoi event was a sentimental favorite of delegates and the press, however. Coverage of the Secretary and Ambassador Michalak presenting helmets to over 400 six year olds at a local elementary school was covered extensively and several journalists plan to write follow up stories about Protec and Vietnam's coming helmet laws.

Comment

18. (U) After having participated in over one hundred individual business meetings with government decision-makers and potential business partners, business delegation members departed Hanoi for Ho Chi Minh City on November 6 with a deeper understanding of the marketplace and of the government's role in Vietnam's economy. Business participants uniformly congratulated the Secretary, the Department of Commerce, the Trade Promotion Coordinating Committee and U.S. Embassy Hanoi for delivering a timely and highly relevant Business Development mission. One U.S. manufacturer summed up the attitude of several of the delegation members by noting, "We now realize that staying out of Vietnam is no longer an option."

MICHALAK